**Amy L. Alvarez**
District Manager
Federal Government Affairs

Suite 1000
1120 20th Street, NW
Washington DC 20036
202-457-2315
FAX 202-263-2601
email: alalvarez@att.com

February 6, 2003

Via Electronic Filing
Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: *Application by Verizon Maryland, Verizon Washington, D.C., and Verizon West Virginia for Authorization to Provide In-Region, InterLATA Services in Maryland, Washington, D.C., and West Virginia, Docket 02-384*

Dear Ms. Dortch:

This letter responds to an inquiry from Staff regarding the return of collocation space (Checklist Item No. 1) and certain associated portions of the District of Columbia PSC Consultative Report ("*DC Consultative Report*"). In particular, AT&T responds to the Staff request to address the DC PSC's discussion regarding the proper refund amortization period and the recently concluded DC Formal Case No. 962. *DC Consultative Report* at 21, n.77.

The *DC Consultative Report* states: "AT&T also asks that the amortization period for credits to vacating CLECs be *extended* from 12 years to 30 years." *Id.* (emphasis added) (citing AT&T's Post Hearing Brief at 12). The PSC's ground for rejecting this request is that "AT&T has failed to address the reason for extending the amortization period or to explain why the issue is not more properly a function of the collocation proceeding just completed in Formal Case No. 962." *Id*. at 21-22.

AT&T respectfully submits that the PSC's disposition of the issue reflects a misunderstanding of AT&T's position.[1] AT&T did not ask the DC PSC to *extend* the amortization period from 12 to 30 years. AT&T asked the PSC to find that Verizon's current practices in calculating refunds for return of collocation space violate the *existing* 30-year amortization period, which is expressly set forth in Verizon's relevant tariffs governing the calculation of refunds for the return of collocation space (Verizon FCC No. 1, § 19.3.1, and Verizon DC No. 218).[2] The tariffs, the relevant FCC orders, and the KPMG

[1] The Consultative Report is not a commission order and is not subject to reconsideration or appeal.

[2] Specifically, AT&T stated in its Brief that "Verizon should be required to . . . use a 30 year, *instead* of a 12 year, amortization period to calculate credits to a vacating CLEC. Until Verizon complies with these conditions (as well as those associated with the GRIP issue, discussed below), the Commission

Final Report all recognize that the amortization period established under these existing tariffs is 30 years, not twelve. As the KMPG Final Report plainly states, "The credit will amount to the undepreciated value of the assets that were vacated over a *thirty-year* period. KPMG Verizon Virginia, Inc., OSS Evaluation Project, Provisioning Domain Results & Analysis Section, at 209 (2002) (Application, App. C-MD, Vol. 2, Tab 5) (emphasis added). Hence, Verizon's unilateral substitution of an accelerated 12-year amortization period is a breach of Verizon's existing obligations under, *inter alia,* the FCC's *Expanded Interconnection Order*,[3] as well as Checklist Item No. 1. *See* AT&T Brief, DC PSC Case No. 1011, (December 6, 2002) p. 13.

The same facts should make obvious why AT&T did not raise Verizon's use of a 12-year amortization period as an issue in Formal Case No. 962. No change in the then-pending state collocation tariff pages was proposed by Verizon or any other party regarding collocation returns, and no such tariff change was necessary because the amortization period was already established at 30 years.[4] Further, the period for raising new issues at the DC PSC expired many months before AT&T learned of Verizon's unannounced switch to a 12-year amortization period.[5] Finally, because Verizon's undisclosed use of a 12-year amortization period goes to the issue of Verizon's compliance with Checklist Item 1, the Commission must adjudicate the issue in this 271 proceeding in any event.

One electronic copy of this Notice is being submitted to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

Amy L. Alvarez

cc: Gail Cohen
Greg Cooke
Gary Remondino
Victoria Schlesinger

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should not find that Verizon has satisfied Checklist Item 1." AT&T Post Hearing Brief, DC PSC Case No. 1011, (December 6, 2002) at 12 (emphasis added.)

3 The plain and undisputed fact is that the 30-year term appears in Verizon FCC No. 1 tariff and the Verizon proposed 12-year term does not appear in the tariff.

4 *See* NPRM in DC PSC Case No. 962, published in DC Register (August 30, 2002) at 8372. AT&T had no reason to file comments against the then-pending tariff pages that reflected the AT&T/Verizon consensus on collocation matters. On September 3 and November 6, 2002, Sprint filed "comments on the proposed tariff pages"–i.e., on the then-pending tariff pages. This was all that the NPRM required or permitted. *See* NRPM Ordering Paragraph 5.

5 It is important to note that Verizon was not forthcoming on its decision to utilize a 12-year amortization period rather than a 30-year amortization in calculating refunds. The refund amounts were only presented as a lump sum, with no supporting calculation, that is without disclosure of the accelerated 12-year amortization. Upon further investigation was AT&T only able to determine that it could not reconcile the refunds received with its calculation of the refunds pursuant to the tariff. Only when specifically confronted with the failure to reconcile did Verizon disclose its use of 12 years instead of 30 years.